



Announcement 15-01

Date: January 8, 2015

Topic: FHA Elimination of Post-Payment Interest Charges FHA Info 14-50

Currently, FHA allows mortgagees to charge borrowers interest through the end of the month when the mortgage is paid in full prior to the end of the month.

The *Handling Prepayments: Eliminating Post-Payment Interest Charges* final rule revises FHA regulations to require mortgagees to charge interest only through the date the mortgage is paid in full, prohibiting the charging of interest beyond that date. The changes are in response to the CFPB's January 30, 2013 final rule, *Ability-to-Repay and Qualified Mortgage Standards under the Truth in Lending Act (Regulation Z)*, which limits the use of prepayment penalties and broadly defines "prepayment penalty" to include FHA's previously allowed post-payment interest charges.

Effective with the refinance of any FHA insured loans closed on or after January 21, 2015, PennyMac is aligning with FHA's elimination of the post-payment interest charge. Mortgagees will no longer be allowed to charge interest through the end of the month; instead interest may only be charged through the date of loan pay off.

Please contact your Sales Representative with any questions.